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U.S. Rep. Peter Welch met Thursday with Federal Reserve Chairman Ben Bernanke and his top staffers over the rule-making process to implement new regulations on credit card "swipe fees."

The Credit Card Interchange Fee Act, authored by the second-term Democrat, was included in Wall Street reform package approved earlier this year. The law provides the Federal Reserve Board new authority to regulate transaction fees charged by banks and credit card companies for electronic debit transactions. The law calls for such fees to be "reasonable and proportional" to the costs of the banks and card companies.

Thursday's meeting, which included Illinois Democratic Sen. Dick Durbin, was a chance to push back against banks looking for soft rules.

"Our goal was to weigh in on the rule-making process on behalf of the merchants," Welch said. "We're going to be monitoring this and being constant advocates."

He said banks spent about \$70 million in a bid to defeat the legislation. "They were intent on killing it, so it was an extraordinary thing that we passed it. It was the first time that we defeated the banks, the big banks," Welch said.

Now, banks and credit card companies are "trying to win in the shadows of the rulemaking process," he said, and "undo the clear intent of this legislation."

Bernanke and his staff members have met with at least nine banks since the rule-making process began, according to the Federal Reserve's website.

Welch said banks are seeking to muddy the definition of different types of transactions. He said debit card transactions are no different than transferring money through a check, for which there

is no transaction fee.

"A debit transaction is the same thing except it's easier to clear ... so it should be cheaper, frankly," Welch said. "What we're hearing is that the banks are trying to make a claim that there's a distinction between a debit card transaction when you have a pin number and when you have a signature."

Welch said he believes the Federal Reserve "will do some fair and square rule-making," but won't confidant "until the rules are written and the ink is dry."

"The banks are relentless. They're going to fight back," Welch said. Draft rules are expected to be completed by the end of the year, followed by a 60 day public comment period.